features of applicants's invention was misplaced. The M.P.E.P at §707/07(f) states that *"Where the applicant traverses any rejection, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it."* Because the Examiner repeated verbatim the earlier rejection stating that Lewis alone teaches these claimed features of applicants' invention, it is respectfully submitted that applicants' prior remarks traversing this rejection were not moot and deserved comment.

In this regard, it should also be noted that several of the important distinctions between Lewis' deferred annuities and applicants' invention that were discussed in applicants' last response submitted on July 18, 2006 had been advanced even earlier in the response filed by applicants nearly a year ago on October 28, 2005, and again in the response mailed on January 26, 2006. The substance of these remarks have yet to be answered by the Examiner. Because the outstanding rejection again repeats verbatim the rejections based on Lewis, applicant is compelled to once again submit the following remarks.

In addition to pointing out why Lewis does not disclose numerous claimed features of applicant's invention as asserted in the outstanding rejection, applicants will also discuss the Examiner's contention that the claimed feature which the Examiner acknowledges is not described by Lewis is supplied by the newly cited Haskins patent.

Claimed features not disclosed or suggested by Lewis

In the discussion that follows, it will be shown that Lewis neither discloses nor suggests several expressly claimed features of applicants' invention.

Claims 1-22; "maturity date". All of the claims set forth the issuance of an investment product that specifies a future maturity date upon which the holder will be entitled to receive a lump sum payment or alternatively, at the option of the holder, to instead receive a sequence of annuity payments in amounts and at times that are specified in the issued instrument. When a purchaser buys an investment product of the type set forth in all of applicant's claims, that product as issued specifies a future maturity date, specifies a lump sum payment which the holder will be entitled to receive at that maturity date, further specifies the amounts and payment times of annuity payments which the holder will be entitled to receive beginning at the specified maturity date (typically, $1 per share paid monthly for life, beginning at the stated maturity date).

As pointed out in prior responses, it is again respectfully submitted that Lewis' annuity contracts as issued do not specify at the time of purchase a maturity date when the future lump sum or annuity payments are to be made because, under Lewis' contracts, payments do not begin until a time of the contract holder's choosing if and when the holder elects to make withdrawals or choose an annuity benefit. Surrender and annuity payments thus occur at a time chosen by the contract holder and not on a maturity date specified in the annuity contract as claimed. The Examiner's attention is directed to column 3, lines 53-67 *et seq.* where Lewis explains why holders of deferred annuities typically choose not to annuitize their contracts but instead maintain the account in its active accumulation phase in order to preserve a death benefit as well as the ability to withdraw amounts greater than the fixed annuity benefits should that become desirable. The Lewis contracts thus do not specify a future maturity date when the holder will be entitled to receive either a lump sum amount or to receive annuity payments of specified amounts at specified times.

The requirement that the investment instrument must specify the time of payment for both the future lump sum amount payable at the maturity date, and the times when alternative future annuity payments are made, is expressly set forth in all of applicant's claims.

At page 3 of the outstanding action, the Examiner cites Lewis at col. 1, lines 34-45 and col. 2, lines 39-52 in support of the statement that Lewis teaches a security the entitles the holder to receive either a lump sum or specified annuity payments at one or more future maturity dates as specified by claim 1. The cited passage in col. 1 merely says that the annuity benefit option, if and when chosen by the contract holder, will then provide the holder with a guaranteed number of annuity payments, or that the total payments will at least match the purchase price – but the passage says nothing about establishing a maturity date when the contract holder can exercise the option. The passage at col. 2, lines 39-53 discusses contract provisions which enable the holder to exercise an option at any time to apply the current account value to the purchase of an immediate annuity, but says nothing about establishing a maturity date when that is to occur.

It is further noted that Haskins teaches methods for creating flexible "immediate annuity benefits" or certificate of deposit (CD) settlements in which the payout starts immediately. The only "lump sum" payment mentioned by Haskins appears at col. 8, lines 18-24 where it is noted that, under option E, the proceeds of the contract are paid in installments with the remainder of

the contract value being paid in a lump sum at the end of a fixed period. There is no suggestion that this payment is an option that may be chosen at a future maturity date instead of future annuity payments that begin on that date as claimed.

Claims 1-9: security. Claims 1 and 2 both specify the creation of a "security." The term "security" as used in claims 1 and 2 is defined on page 8 of applicants' specification to have the meaning specified with precision in the Uniform Commercial Code as restated in the definition provided by applicants' specification. Independent claim 3 and its dependent claims 4-9 define the steps of creating an investment fund or general account and creating a written instrument that represents a number of units or shares constituting a claim against or being secured by said investment fund or general account. In rejecting claim 1, the Examiner cited Lewis at col. 1, lines 34-45; col. 2, lines 39-52; and col. 3, lines 8-51 and 31-58. But all of these passages describe annuity contracts and nowhere suggest that such contracts are "securities" as defined in applicants' specification. Lewis' deferred annuity contracts are not securities nor do they take the form of a written instrument which represents a number of units or shares owned by the holder of the instrument, each of the units or shares constituting a claim against or being secured by the investment fund or general account. The Lewis contracts thus do not have the defined attributes of securities, nore do they provide the numerous advantages of securities which are explained in applicants' specification. As noted at page 5 of applicants' specification, the securitization of the instrument provides significant benefits, such as standardization, fungibility, transferability, and the preservation of the 'anonymity' of the holder until exercise. The Examiner cites no teaching which would substantiate the conclusion that Lewis teaches the creation and management of "securities."

It should be noted here that the newly sited Haskins patent also fails to disclose or suggest creating and distributing "securities" or an instrument that represents a number of shares that constitutes a claim against an investment fund or general account as set forth in claims 1-9.

Claims 3-13 and 17-22: unitized and denominated future income. Each of these seventeen claims is directed to an important novel feature of applicants' invention wherein the instrument, as issued, not only specifies the amounts and times at which the annuity payments will be made beginning at the future maturity date, but also specifies the annuity payouts as a single monetary unit of a specified currency payable at specified calendar intervals (for example: "$1/month for life"). By expressing the future income in this simple unitized, denominated way,

it becomes obvious to the purchaser how to trade off current consumption versus future consumption, the reporting of the future payout to the investor is simplified, and the investor can make informed savings vs. consumption decisions without having to consult a financial planning calculator.

At page 6 of the outstanding action, the Examiner cites the passages of Lewis at col. 6, lines 60-63 and col. 5, lines 40-45, and col. 10, lines 33-55. But all of these passages merely describe illustrative examples of payouts that might occur under the Lewis contracts, and none discloses or suggests that the instrument, as issued, specifies the amount and times of the future annuity payments in terms of a single monetary unit of a specified currency payable at specified calendar intervals as claimed. As applicant has noted at some length in this and prior responses, Lewis does not specify (in any way) the amounts and times of the future annuity payments in the contract as issued, as the Examiner has now acknowledged. There is no suggestion in Lewis that the amounts and times of the future income payments should be expressed in terms of a single monetary unit of a specified currency payable at specified calendar intervals, and no indication that Lewis recognizes that by doing this, the investor can much more easily understand the exactly how each share purchased will affect his or her guaranteed retirement income. Lewis teaches nothing remotely like this.

Haskins likewise does not teach creating written instruments which entitle the holder of the instrument to receive future income as a specified monetary unit of a specified currency payable at periodic calendar intervals after said maturity date (e.g. $1 per month per share for life). In contrast, Haskins affords the customer the opportunity of specifying the consideration (purchase price) to be paid, and the opportunity to elect from a rich variety of payout options (see col. 7, line 3 to col. 8, line 52), and the Haskins system then generates a proposal showing what the payouts will be (see Fig. 6). The proposals which are produced are illustrated in Haskins' Figs. 12, 13 and 18 which show that the proposed benefit payment amounts are not specified monetary units of a specified currency as claimed.

Claims 4-5, 12-13, and 19-22: liquidity. As stated in these eight claims as amended, the liquidity of applicants' investment product is assured by publishing or otherwise periodically reporting the stated current monetary value of the units or shares at which these shared may be either purchased or redeemed. As noted in applicants' specification (for example, see page 3), conventional deferred annuity contracts like Lewis' contract are not liquid and may only be

exchanged for a sum which is aptly named the contract's "surrender value." In applicants' method as set forth in claims 4-5, 12-13 and 19-22, units or shares may be both purchased and redeemed for a stated current monetary value per unit or share that is periodically published, reported or revealed by the issuer of said instrument.

Lewis states (at col. 12, lines 45-49) that the annuity contract may provide a cash surrender value which upon surrender of the contract makes a lump sum payment to the owner equal to the account value at that time, perhaps reduced by a surrender charge, and further states (at col. 12, lines 37-41) that the account value can be reported to the owner through periodic reports or upon request, and may be available for withdrawal or surrender. But while Lewis allows the contract holders to "see their money" by periodically reporting death and withdrawal benefits, Lewis makes no attempt to the investment liquid by establishing a published current monetary value per share and then permitting purchasers to buy more shares, or to redeem shares previously purchased, at this published price.

Haskins provides a method for creating flexible immediate annuities that begin the installment payout at the time the annuity (or CD) is purchased, and accordingly does not contemplate an accumulation period during which additional shares may be purchased or previously purchased shares may be redeemed. Even during the payout period, the payout proposals seen in Figs. 12, 13 and 18 show the proposed installment payments amounts but do not suggest that additional shares may be purchased or that the existing contract may be redeemed for a stated current monetary value.

The new rejection based on Haskins

The outstanding action differs from the prior action in that the Examiner now relies upon the newly cited Haskins patent (instead of the Bove patent describing treasury bonds previously relied upon) as showing an element of applicants' claimed invention which, the Examiner acknowledges, Lewis does not disclose.

The Examiner's reliance on Haskins is limited and is stated as follows on pages 3-4 of the outstanding action:

> *"However, Lewis does not explicitly teach the limitation of "at the time security is created." On the other hand, Haskins discloses creating certificate of deposit at the time security is created (col. 1, line 52 to col. 2, line 36; abstract; figs. 16-18). He discloses the flexible certificate of deposit permits the bank customer to select the number of payment years, typically any year from 5 to 30, and the mode or frequency of interest*

payments (annual, semi-annual, quarterly or monthly). The interest rate on the certificate of deposit will vary according to these inputs, as well as the amount of the deposit. As is known, a certificate from a bank stating that the named party has a specified sum on deposit, usually for a given period of time at a fixed rate of interest. Thus, it would have been obvious to one of ordinary skill in the art to initially create a definitely amount of payment for a certificate of deposit at the time security is created as discloses in Haskins.

Re claim 2, Lewis teaches a method as claimed in claims 1 and 3. Therefore the rationale applied in the rejection of claims 1 and 3 applies herein ."

The newly cited Haskins patent describes a method by which customers can be provided with detailed proposals that describe the installment payment amounts the customer will receive for immediate annuities or CDs whose characteristics are chosen by the customer. While, as the Examiner correctly notes, the amount and payment date of each of annuity payments is specified by the proposed contract at the time it is created, these payments begin immediately and not at a future maturity date and not at the option of the holder excercised at the maturity date instead of taking an optional lump sum payment.

If one skilled in the art were to combine the teachings of Lewis and Haskins, the resulting method would not consist of the combination of steps claimed by applicants.

It will be remembered that Lewis already offers an immediate annuity option which the contract holder can elect and which provides fixed annuity benefit payments at definite times beginning at the time of annuitization (see Lewis, col. 2, lines 46-52). One skilled in the art might well choose to permit the customer to use the Haskins method to permit the customer to tailor the immediate annuity to fit the desires of the contract holder at the time of annuitization, but Haskins, like Lewis, provides no mechanism for establishing the amount of the annuity payments in advance of the time of annuitization when it is not known what accumulated value the Lewis deferred annuity contract will have.

It should be further remembered that the holder of a Lewis deferred annuity can choose to annuitize the current value of the contract at any time, rather than at some pre-established maturity date. If one skilled in the art were to employ the teachings of Haskins, the Lewis deferred annuity contract would permit the contract holder to not only choose the time of annuitization but also to choose the characteristics of the annuity to be purchased from the array of options Haskins describes at columns 7 and 8. But again, modifying Lewis to provide the flexibility that Haskins provides at the time the annuity is purchased would not yield applicants' claimed invention. The time of annuitization, and hence both the times and the amounts of the

future annuity payments, would still be unknown at the time the Lewis deferred annuity is initially purchased.

In this respect, it may be seen that modifying Lewis in view of Haskins would not cure the teaching deficiency in Lewis at all, because Lewis already provides annuities that make fixed payments, but the timing and amount of these future payments are both unknown at the time the deferred annuity contract is purchased. Using Haskins' flexible annuity settlement proposal procedure at the time the time of annuitization would not change that.

Applicants' claimed invention provides
significant advantages not provided by Lewis or Haskins

Applicant's invention allows the customer to purchase shares which provide an easily understood and definitely stated retirement benefit. For example, each purchased share may provide the stated benefit payment, beginning at maturity, of $1 dollar per month for life, or if the holder so elects, the purchased shares may be converted into a lump sum payment that the holder accepts at the stated future maturity date instead of the promised annuity.

While a Lewis deferred annuity contract can be converted into an annuity at any time, the actual future payment amounts will be dependent upon whatever the asset value of the contract has at the time of annuitization. And while Haskins teaches a method that allows the purchaser to customize the annuity payouts at the time of annuitization, the method is not performed and hence provides no guidance at all until the time of annuitization.

While the Lewis deferred annuity contract, and the Haskins method for choosing among many possible forms of immediate annuities or CDs, both provide flexibility, that flexibility is offset by disadvantages which applicants' invention avoids. The purchaser of a Lewis deferred annuity contract can elect the annuity option at any time, and the particular annuity payment schedule can be chosen at that time from many options by using Haskins' settlement proposal generating methods, but the purchaser does not know before annuitizaton what retirement income will actually be provided in the future.

Because the Lewis and Haskins methods provide complex mechanisms which offer a host of options, both are necessarly hard to understand. Contrast the complex explanations of the way the Lewis and Haskins payout methods work with the simple "$1 dollar per month per share" annuity payments which applicants' invention can guarantee.

Unlike Lewis and Haskins, applicants' invention makes it clear to savers at the time of purchase, and thereafter throughout the accumulation period prior to the future maturity date when the future income begins, exactly what the investment does to solve the retirement income problem. From the onset, applicants' invention clearly specifies a minimum income and not just a current value. The instrument on its face makes clear what it will do to provide future income (e.g. $1 dollar per month per share for life) whereas, in contrast, Lewis and Haskins both require a knowledge and understanding of complex contract mechanics and even then do not specify the future income an investor can count on later when retirement begins.

Unlike Lewis and Haskins, applicants' invention makes it easy to state future retirement income (in addition to current value) on retirement account statements. Lewis' deferred annuity contracts would show only current value, and Haskins' method would not be applied at all until the payout begins and hence would show current income only.

By clearly and simply stating the amount of future benefit (retirement income) the investor will be entitled to receive, rather than the current value, applicants' invention helps the investor avoid common investment mistakes, such as unjustified reliance on recent investment performance which the investor may optimistically or pessimistically extrapolate into the future in the mistaken belief that current trends will continue.

Applicants' invention allows the investor to purchase the right to receive a specific desired future income simply by purchasing (perhaps at different times) the needed number of shares to achieve that objective. For example, if the purchaser wants count on receiving an income of $1,200 per month for life during retirement, the purchaser will understand that that 1,200 shares, each providing $1 dollar-per-month, will need to be purchased. With the Lewis or Haskins methods, the investor will instead need to navigate a sea of complex options and will still not be given a clear understanding of how the purchased investment will meet the investor's future income needs after retirement begins and will not know the amount of that income until annuitization.

Haskins's method, like all immediate annuities being offered today, prices the investment product in a way that's like pricing apples in "pounds per dollar" (benefit per price). Haskins provides a payout proposal that shows, for example, a schedule of future income that will be obtained for a $1,000 investment. Applicant's invention is priced in a more understandable way. For example, by offering the investor the opportunity to buy shares that will pay $1 per

month per life after retirement in exchange for a stated purchase price, the purchaser can evaluate the price per benefit in the same way he or she buys apples priced in dollars per pound. Just as pounds-per-dollar pricing would be unfamiliar and awkward in a store, it is even more confusing when considering the purchase of a retirement benefit given the complex ways in which a stated purchase price will evolve into an uncertain future benefit.

The method steps which provide these advantages are defined with particularity in applicants' claims and are nowhere disclosed or suggested by the cited references. The claimed method steps work in a coordinated way to give the investor the exact information he or she needs to understand how to purchase needed retirement benefits, and do so in a way that can be intuitively understood without the aid of investment advisors armed with calculators, or legal advisors who must interpret complex contracts.

This invention as claimed is clearly different from the prior art and deserves patent protection.

Conclusion

This application should be allowed. Neither the Lewis patent nor the newly cited Haskins patent teach several important and expressly claimed features of applicants' invention as explained above.

This examination, which has now included four separate searches and an appeal that resulted in a withdrawal of an earlier rejection, should be concluded and the rejected claims should be allowed.

Respectfully submitted,

Dated: October 19, 2006 Charles G. Call, Reg. 20,406

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Dated: October 19, 2006 Signature _____

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